

## Message Text

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43

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

SPC-03 AID-20 EB-11 NSC-07 RSC-01 CIEP-02 TRSE-00

SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 DODE-00

PA-04 PRS-01 DRC-01 ARA-16 NIC-01 /162 W

----- 123019

O R 051625Z MAR 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 2853

INFO AMCONSUL MONTREAL UNN

AMCONSUL TORONTO UNN

UNCLAS OTTAWA 0613

E.O. 11652: N/A

TAGS: ESTC, CU, CA

SUBJECT: CUBAN ASSETS CONTROL AND QUEBEC LOCOMOTIVE SALE

REF: OTTAWA 607

1. TWO PRIVATE TELEVISION NETWORKS INCLUDED ITEMS ON LOCOMOTIVE SALE IN LATE EVENING NEWS BROADCASTS MARCH 4. GLOBAL TV REFERRED TO U.S. MEDDLING IN CANADIAN AFFAIRS AND SAID OTTAWA WAS CONSIDERING A PLAN BY WHICH A CROWN CORPORATION WOULD PURCHASE THE LOCOMOTIVES FOR RESALE TO CUBA. (SEE PRESS ARTICLE EXCERPTS BELOW.) CTV FEATURED FILM CLIP OF EXTERNAL AFFAIRS MINISTER SHARP WHO WAS CRITICAL OF THE U.S. LAW AND WHO SAID U.S. OUGHT TO FOLLOW A POLICY LIKE CANADA'S AND RESTRICT TRADE ONLY IN COMPLIANCE WITH INTERNATIONAL SANCTIONS.

2. FOLLOWING ARE SIGNIFICANT EXCERPTS FROM CANADIAN PRESS STORY DATED OTTAWA WHICH APPEARED IN THE MONTREAL GAZETTE AND TORONTO GLOBE AND MAIL MARCH 5:  
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BEGIN TEXT.

INTERVENTION BY THE CROWN-OWNED CANADIAN COMMERCIAL CORPORATION IS BEING CONSIDERED AS ONE WAY OF OVERCOMING U.S. GOVERNMENT OPPOSITION TO A SALE OF CANADIAN LOCOMOTIVES TO CUBA, OFFICIAL SOURCES SAID YESTERDAY.

UNDER ONE OPTION BEING STUDIED BY OFFICIALS, THE CORPORATION WOULD BUY THE ENGINES FROM MLW-WORTHINGTON LTD. OF MONTREAL AND RESELL THEM TO CUBA.

THAT MIGHT GET AROUND THE U.S. TRADING WITH THE ENEMY ACT WHICH PROHIBITS DIRECT TRADE WITH CUBA BY U.S. FIRMS OR THEIR SUBSIDIARIES IN CANADA AND OTHER COUNTRIES.

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GOVERNMENT SOURCES SAID TWO U.S. DIRECTORS OF MLW PRESSED THE COMPANY TO CONSULT ITS U.S. PARENT AND THE U.S. GOVERNMENT BEFORE GOING AHEAD WITH THE SALE TO CUBA, BECAUSE THEY MIGHT BE SUBJECT TO PROSECUTION IN THE UNITED STATES.

THE SOURCES INDICATED THE COMPANY WOULD HAVE BEEN BETTER ADVISED TO CLINCH THE DEAL ACCORDING TO CANADIAN LAW AND THEIR OWN COMMERCIAL INTERESTS, THEN FACE ANY CONSEQUENCES IN WASHINGTON.

.....

AN OFFICIAL OF THE U.S. TREASURY DEPARTMENT SAID IN WASHINGTON LAST WEEK THAT ONLY 11 EXEMPTIONS HAVE BEEN ALLOWED IN THE 12 YEARS OF THE U.S. TRADE EMBARGO ON CUBA--MOST OF THEM AFFECTING CANADIAN FIRMS.

BUT AN OTTAWA SOURCE ADDED THAT MANY MORE PROSPECTIVE DEALS MAY HAVE DIED BEFORE MATURITY BECAUSE COMPANIES IN CANADA SHUNNED THE BAD PUBLICITY OF SUBMITTING TO THE U.S. CONTROLS, AND THEIR U.S. PARENTS WERE SHY OF UNCLASSIFIED

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SUCCEEDING IN A DEAL WITH CUBA.

THE 1972 WHITE PAPER SAYS THAT EVEN WHEN WASHINGTON PERMISSION IS GRANTED, DEALS OFTEN FALL THROUGH "PERHAPS DUE TO LESS OPEN UNITED STATES PRESSURES BEING BROUGHT TO BEAR ON THE PARENT."

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WASHINGTON AND HAVANA ARE BOTH TAKING CAREFUL  
STEPS TOWARD RE-OPENING RELATIONS CUT OFF AFTER THE  
CUBAN REVOLUTION OF 1960, AND ANY DECISION ON MLW IS  
WRAPPED IN THE CHANGING U.S. POLICY TOWARD CUBA.

END TEXT.

3. COMPLETE TEXT OF ARTICLE BEING AIRPOUCHED TO EUR/CAN -  
BROWN.  
JOHNSON

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NNN

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**TAGS:** ESTC, CU, CA, US, MONTREAL GAZETTE, TRONTO GLOBE, CROWN CORPORATION  
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